GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1061
ANSWERED ON:23.11.2007
CURRENCY SWAP AGREEMENT
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Will the Minister of FINANCE be pleased to state:

(a) whether India and Japan have agreed to sign a currency swap deal;

(b) if so, the salient features of the said deal; and

(c) the time by which the said deal is likely to be operational?

Answer

Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a)&(b) Negotiations between India and Japan are going on for putting in place a bilateral currency swap arrangement to take care of short term liquidity needs during a balance of payment crisis. The proposed swap arrangement is essentially a bilateral agreement between India and Japan to exchange a `maximum` amount US $ 3 billion for respective domestic currency to meet temporary BOP problems, by either country, for an initial period of 90 days at LIBOR + 150 bps and thereafter through renewals, up to a maximum period of 630 days.

(c) The agreement will come into force once it is signed by the Governor of Reserve Bank of India with the Governor of Centra! Bank of Japan after receiving authorization from Government of India.